

Message Text

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ACTION EA-09

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FM AMEMBASSY SUVA

TO SECSTATE WASHDC PRIORITY 6081

INFO AMEMBASSY WELLINGTON

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FOR EA/EP IMUS AND GULICK

E.O. 11652: N/A

TAGS: EAID, TN

SUBJECT: ASSISTANCE TO THE SOUTH PACIFIC

1. TONGA GOVERNMENT HAS PRESENTED FOLLOWUP AID REQUEST TO EMBASSY FOR U.S. GOVERNMENT ASSISTANCE IN FINANCING FEASIBILITY STUDY TO INVESTIGATE TRADE AND INVESTMENT POSSIBILITIES BETWEEN TONGA AND HAWAII/U.S. WEST COAST. FEASIBILITY STUDIES WOULD ENCOMPASS ESTABLISHMENT OF MARKETS IN HAWAII AND WEST COAST FOR TONGAN PRODUCE, QUALITY HANDICRAFTS, FROZEN FISH AND OTHER GOODS; THE IMPORTATION OF LOWER COST AMERICAN GOODS, PLANT AND EQUIPMENT FACILITIES WHICH WOULD BE COMPARABLE TO GOODS AND MACHINES CURRENTLY BEING SUPPLIED BY OTHER SOURCES; AND INVESTMENT OPPORTUNITIES FOR U.S. INVESTORS IN TONGAN COMMERCIAL AND INDUSTRIAL ENTERPRISES.

2. PROPOSAL CALLS FOR EIGHT MONTH STUDY COMMENCING AUGUST 1, 1977, WITH CONSULTANT TO BE BASED IN HONOLULU. TONG'S MINISTRY OF COMMERCE, INDUSTRIES AND LABOUR, MINISTRY OF AGRICULTURE AND COMMODITY BOARDS WOULD TOGETHER ACT AS TONGA GOVERNMENT COOPERATING AGENCY FOR PROJECT.

3. PROJECT IS JUSTIFIED ON GROUNDS THAT PROMOTION OF TONGAN AGRICULTURAL PRODUCTS AND EXPORT OF PRODUCE AND HANDICRAFTS

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WOULD PROVIDE BADLY NEEDED EMPLOYMENT OPPORTUNITIES IN TONGA, AND THAT SIZE OF U.S. MARKET COULD EASILY ABSORB TONGA'S EXPORTS WITHOUT DISLOCATION. IN ADDITION, DUE TO STABILITY OF U.S. DOLLAR TONGA SEEKS CLOSER LINK BETWEEN ITS OWN ECONOMY AND U.S. ECONOMY. FINALLY, TONGA WISHES TO REDUCE ITS DEPENDENCE ON EXISTING MARKETS AND ON SOURCES OF MANUFACTURED GOODS, WHICH IT FEELS COULD BE BROUGHT IN AT LOWER PRICES FROM U.S.

4. PROPOSAL SEEKS U.S.G. INPUT OF APPROXIMATELY U.S. DOL 157,500 TO PAY SALARIES OF PROJECT DIRECTOR AND STAFF, OFFICE AND EQUIPMENT, PUBLICATION COSTS, AND TRAVEL AND CONTINGENCIES. TONGAN INPUT WOULD TOTAL U.S. DOL 75,000 TO PAY POSTS OF TONGAN GOVERNMENT PERSONNEL SECONDED TO PROJECT, EXPENDITURES FOR TRIAL SHIPMENTS OF PRODUCE, HANDICRAFTS AND FROZEN TUNA, AND LOCAL COSTS OF PROJECT.

5. PROPOSED WORK PLAN WOULD BE IN FOLLOWING STAGES: (A) MOBILIZATION OF PROJECT TEAM AND PREPARATION OF DETAILED WORK PLAN; (B) COLLECTION OF DATA AND STATISTICS IN GONGA AS WELL AS INDENTIFICATION OF PROBLEMS AND CONSTRAINTS IN AREAS OF AGRI-CULTURAL PRODUCTION, HANDICRAFT PRODUCTION AND FISH SUPPLY; (C) IDENTIFICATION OF PROBLEMS AND CONSTRAINTS AS WELL AS NEEDS AND REQUIREMENTS OF HAWAII AND WEST COAST MARKETS; (D) STUDY OF TRANSPORT FACILITIES AND PROBLEMS FOR TRANSPORT OF GOODS BETWEEN TONGA AND U.S.; (E) FEASIBILITY STUDY ON TONGAN OIL DEPOSITS AS ENERGY SOURCE; (F) STUDY PROJECTED DEVELOPMENT OF INDUSTRIES IN TONGA, INVESTMENT CLIMATE AND AREAS THAT WOULD ATTRACT U.S. INVESTORS; (G) PREPARE INTERIM REPORT BASED ON (B), (C), AND (D); (H) MAKE TRIAL SHIPMENT OF TONGA PRODUCTS TO HAWAII AND WEST COAST OVER PERIOD OF 2 TO 3 MONTHS AND STUDY REACTION IN TERMS OF PRICE, QUALITY AND QUANTITY; AND (I) PRODUCE FINAL REPORT.

6. PROPOSAL HAS BEEN GIVEN HIGH PRIORITY BY TONGAN GOVERNMENT, AND MINISTER OF EDUCATION AND WORKD, DR. LANGI KAVALIKU, HAS ALREADY SPENT CONSIDERABLE TIME IN PRELIMINARY INVESTIGATIONS IN HAWAII CONCERNING TONGA TRADE OPPORTUNITIES THERE.
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7. WE BELIEVE PROJECT WOUL BE HIGHLY WORTHWHILE. I AND AMBASSADOR SELDEN URGE THAT PROJECT AS WRITTEN, OR IN AMENDED FORM, BE CONSIDERED CAREFULLY WITH VIEW TO INCPORATING IT IN SOUTH PACIFIC ASSISTANCE PROGRAM. FULL TEXT BEING POUCHED UNDER COVER LETTER TO IMUS.
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